

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS MEETING

August 26, 2003 - 11:00 A.M.

**8th & Main Building, 3rd Floor Conference Room
Richmond, Virginia**

- I. Voting members present: Jody Wagner, Larry Roach, Esther Corpus, Jim Cheng, and Joe Underwood.
Others present: Bob Young, Chuck Mills, Mike Eisenman, Scott Parsons, Patty Thorne, Barbara Carter, Anna Mackley Cobb, Mark Heede, Brett Sheffield, Faustine Dye, and Patricia Morris.

Vice Chairman Larry Roach called the meeting to order.

- II. Announcement of Electronic Participation - On August 25, 2003, Scott Parsons was informed by one of the Board members that he would not be able to attend the meeting as planned. Therefore, we would not have a quorum. Since there was an important project that impacted jobs in Virginia needing the Board's consideration and could not be delayed until the next meeting, Mr. Parsons deemed this an emergency in order to re-establish a quorum.

The minutes reflect that Mr. James Cheng and Mr. Joe Underwood are participating via telephone. Mr. Cheng is located in his company's conference room at Computer & Hi-tech Management, Inc., 7926 Jones Branch Drive, Suite 600, Fairfax, Virginia. Mr. Underwood is participating from the conference room of the law firm of Patterson & Reese, 10621 Jones Street, Suite 201A, Fairfax, Virginia. Both members have a speaker phone so that any member of the public can listen and participate and both offices are open and accessible to the public. Mr. Parsons has posted both locations in the 3rd floor lobby at 707 E. Main Street, Richmond, Virginia.

Mr. Parsons then announced that Mrs. Anita Robinson was appointed by the governor to replace Hanif Akhtar whose term expired in June and that Jim Cheng and Esther Corpus have been reappointed to serve another term.

- III. Approval of Minutes - On a motion by Bob Young, seconded by Esther Corpus, the minutes of the May 27, 2003 Board of Directors - Loan Business Meeting were unanimously approved.

IV. Economic Development Loan Fund Application

A. IDA of the City of Danville - City of Danville - \$1,600,000. Brett Sheffield presented this request for the Board. On a motion by Joe Underwood, seconded by Esther Corpus, the Board of Directors unanimously approved a \$1,600,000 10-year loan through the Economic Development Loan Fund to purchase and renovate an existing building to house a call center.

V. Review and Ratification of Loans Approved and Declined by Staff - Board members reviewed and asked questions about the loan deals that have been approved and declined by staff since May 2003. On a motion by Jim Cheng, seconded by Joe Underwood, the loans approved and declined by staff from May 27, 2003 to August 20, 2003 were unanimously ratified.

VI. Ratification of Virginia Capital Access Program (VCAP) Claims - On a motion by Jody Wagner, seconded by Esther Corpus, the Board of Directors unanimously approved the ratification of payment of three claims under VCAP for the benefit of BB&T, SunTrust, and Wachovia Banks.

VII. Board Approval of Debt Forgiveness

A. Alpha Remanufacturing - Mark Heede provided background information to the Board on the debt owed by Alpha Remanufacturing and its guarantors. Mr. Heede requested that the Board accept the forgiveness of debt in consideration of a cash payment of \$7,500 with the condition that VSBFA be granted a deed of trust on the guarantors' real estate if it is determined that there is equity in the property. On a motion Esther Corpus, seconded by Joe Underwood, the Board of Directors unanimously approved to accept the settlement offer as presented.

B. Tech HVAC - Mark Heede reviewed the history of the debt owed by Tech HVAC and its guarantors for the Board. A motion was made by Joe Underwood to accept the \$30,000 settlement and payment plan along with receipt of a deed of trust equal to \$30,000 to secure the settlement offer. After further discussion, the motion was withdrawn. A second motion was made by Joe Underwood and seconded by Jim Cheng to accept the \$30,000 paid over 5 years along with the deed of trust for one-half of the equity (one-half difference between debt payoff and appraisal). The motion was unanimously carried.

- VIII. Review of Recent DBA/VSBA Press Releases from Governor Warner - Scott Parsons called the Board's attention to some recent press releases announcing financing assistance VSBA has provided to businesses, through loan requests previously approved by the Board. Other press releases included the announcement the launch of the new Virginia Motorsports Initiative, a new bank that has joined the Virginia Capital Access Program, the establishment of DBA's Business Outreach Program Initiative, and the announcement of the new VSBA *DIRECT* loan program.
- IX. Update on Adversely Classified and Charged-off Loans - Board members were given information and briefly reviewed the status of problem loans under the Loan Guaranty Program and the Economic Development Loan Fund in terms of them being charged off, under collection, or attempted recovery of any monies due to VSBA.
- X. Report to the Board on FYE '03 FTD (July '04) Loan Volume and Fiscal Year Status - Scott Parsons reviewed the monthly reports for Fiscal Year End 2003 and Fiscal Year to Date July 2004 showing the status of the VSBA loan portfolio -- the dollar amount committed, fund availability, and portfolio default rate.
- XI. Updates to the Board on New Initiatives - Anna Mackley Cobb updated the Board on the criteria and benefits of the new 501 (c) 3 tax exempt bond program along with and plans for marketing the program. Mike Eisenman updated the Board on the recommendations of the Small Business Initiative. Scott Parsons updated the Board on the findings of the Emerging Business Roundtable, a subgroup of the SBI.
- XII. Discussion on Virginia Capital Access Program (VCAP) - Scott Parsons gave a brief description of the VCAP, how it functions, the program's positive leveraging factor and its need for additional funding. Mr. Parsons informed the Board that the program could be out of money by the end of this year. Efforts are underway by staff to restructure the program and although active marketing of the program has ceased in spite of the fact that new banks are still joining. The Board was asked for its assistance in finding ways to obtain additional funding for this program.
- XIII. DBA/VSBA Legislative Initiative - Scott Parsons informed the Board of the legislative initiative to allow the position of DBA director to be a voting member of the Board.

- XIV. Report to the Board on Program Budget Needs - Scott Parsons reviewed for the Board a report showing how much money is left in each of the loan funds. After discussing the projections on use of funds and other areas of concern, the Board was asked for a commitment to come up with a plan to obtain additional financing before the loan funds are completely expended.

- XV. Adjourn - On a motion by Bob Young , seconded by Esther Corpus, the meeting was adjourned.